

Weekly Report



Global Equities



US equities rebounded as Fed Reserve officials consider taper timing

Review: US equities rebounded last week as US Fed Reserve officials begun to acknowledge they are close to debating when to start tapering asset purchases. Dow Jones, the S&P 500 and Nasdaq rose 0.94%, 1.16% and 2.06% respectively.

Outlook: Some volatility is expected in the near term for richly valued stocks (such as tech stocks) as investors price in the timing of Fed's taper actions.



European equities rose for the second consecutive week

Review: Europe equities rose for the second consecutive week, following US markets. The MSCI Europe Index gained 0.91% last week.

Outlook: In the medium to long term, stimulus measures such as the European Recovery Fund, ECB stimulus policies and low valuations will benefit European stock markets.



Chinese equities rebounded as concerns over liquidity tightening eased

Review: Chinese equities rebounded last week as investors are less concerned about liquidity tightening in Chinese markets. The Shanghai Composite Index rose 3.28% last week, the highest weekly gain in fifteen weeks.

Outlook: The Shanghai Composite Index has managed to cross the 3,600 level, but we expect external factors global inflationary fears to add some selling pressure on Chinese equities. The Shanghai Composite Index should fluctuate between 3,500 – 3,600 in the near term.



HSI rose for the second consecutive week

Review: Hong Kong equities followed Chinese A-shares to rise last week. The Hang Seng Index crossed the 29,000 level after gaining 2.34% last week.

Outlook: The strength of HK-listed Chinese stocks will support the market in the short run, but we expect the market to remain wary of rising US inflation expectations.



Global Bonds



FTSE World Government Bond Index rose for the second straight week

Review: Investment grade sovereign bonds was up 0.2% last week, the second straight week of gains.

Outlook: Investors are still sensitive to rising inflation expectations, and selling pressure on investment grade bonds will likely continue.



High Yield / EM Bonds

Review: Bloomberg Barclays EM USD Aggregate Total Return Index rose 0.44% last week, the second straight week of increase. The Bloomberg Barclays Global High Yield Total return was also up last week for the straight straight week, recording 0.36% gain.

Outlook: The continued global economic recovery will benefit EM markets and high yield bonds. Bonds with good fundamentals and shorter duration are better choices given inflationary and rate hike concerns.



Weekly Report



Commodities



Crude Oil rose as investors remained optimistic on crude oil demand

Review: Crude oil Brent gained 4.80% last week to close at US\$69.63/bbl last week, its highest close since May 2019. WTI gained 4.31% to close at US\$66.46/bbl.

Outlook: Investors are optimistic about the demand outlook for crude oil, as the recovery of global economic activities continue. In the short-term, we need to focus on US-Iran agreement negotiation process. Crude oil prices will likely fluctuate around US\$65/bbl.



Gold rose for the fourth consecutive week to close above US\$1900

Review: Gold continued to rise last week as demand for the precious metal as inflation hedge continued unabated. Spot gold rose 1.20% to close at US\$1904.78/oz.

Outlook: In the short term, the Fed's determination of interest rates and the USD will affect gold prices, but with the support of inflation expectations, gold as a hedging tool will result in the continuation of the upward momentum in the mid-to-long term.



Iron ore fell for the third consecutive week

Review: Prices of iron ore fell 6.41% last week, the third straight week in a row. Iron ore experienced a wild ride in May as China sort to cool commodity gains.

Outlook: We think China's decision to cool commodity gains will also have short-term adverse impact on iron ore, besides copper. However, base metals remain an integral part of the global economic recovery through governments pushing for infrastructure plans to stimulate the economy.



Currencies



USD closed almost unchanged last week

Review: The dollar spot index closed almost unchanged last week, with a slight gain of 0.02% to 90.03, as investors weighed between inflation expectations, the timing of rate hikes and President Biden's push for US\$6 trillion budget plan.

Outlook: USD need more positive catalysts such as sooner-than-expected rate hike, driven by consistently strong economic data and persistently high inflation. The dollar spot index may fall back to a low of 89.44 last seen in January this year.



Chinese yuan strengthened for two consecutive weeks

Review: USDCNY strengthened for two consecutive weeks, and closed at 6.3685 last week.

Outlook: As of time of writing, China signaled that it is lowering its tolerance for the rally in Chinese yuan, as authorities set the daily fixing at a weaker-than-expected level and state-run newspapers warned against rapid gains. We expect strong resistance for the USDCNY pair at current levels in the near term.

Weekly Report

Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	29113.20	2.34	0.18	25.90	6.95	-4.46	41.54	22.97
Hang Seng China Enterprise	10848.35	0.85	-2.01	13.00	0.51	-9.75	25.58	-18.65
Shanghai Composite	3608.85	3.28	4.16	26.51	3.68	15.39	27.64	31.25
Shenzen Composite	2399.27	3.18	4.02	35.25	2.75	33.96	32.45	115.26
Dow Jones Industrial	34464.64	0.94	2.10	35.94	12.82	41.74	93.19	174.70
S&P 500	4200.88	1.16	0.50	38.76	11.93	56.29	100.29	212.53
NASDAQ COMPOSITE	13736.28	2.06	-2.15	46.75	6.68	85.88	178.68	384.91
FTSE 100	7019.67	0.06	0.85	12.93	8.70	-7.99	11.99	17.24
DAX	15406.73	0.53	1.49	31.74	13.13	22.53	50.88	112.79
NIKKEI 225	29149.41	2.94	0.33	33.00	6.21	30.37	73.15	200.70

Source: Bloomberg. As of 2021/05/28

Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	Initial Jobless Claims end May 22	444,000	425,000	406,000	Above
US	GDP annualised QoQ	6.4%	6.5%	6.4%	Below
US	Personal Income	20.9%	-14.2%	-13.1%	Above
EU	Economic Confidence	110.5	112.3	114.5	Above
SG	1Q21 GDP YoY	0.2%	0.9%	1.3%	Above
HK	Exports YoY	26.4%	25.9%	24.4%	Below

Source : Bloomberg 2021/05/28

Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury 30Y	101.98	0.77	2.28
US Treasury 10Y	100.27	0.24	1.60
US Treasury 5Y	99.75	0.10	0.80
US Treasury 2Y	99.96	0.02	0.14
US Tbill 3M	0.01	14.94	0.01
China Govt Bond 10Y	101.50	-0.15	3.09
Japan Govt Bond 10Y	100.21	0.00	0.08
German Bund 10Y	101.70	0.41	-0.17
UK Gilt 10Y	136.06	0.13	0.81

Source: Bloomberg. As of 2021/05/28

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.76	-0.03	-0.02	0.12
HKD/CNH	0.82	-1.07	-1.75	-11.42
USD/CNH	6.36	-1.19	-1.79	-11.33
USD/JPY	109.85	0.82	1.15	2.04
USD/CAD	1.21	0.08	-1.93	-12.26
GBP/USD	1.42	0.27	1.82	15.15
AUD/USD	0.77	-0.26	-1.01	16.20
EUR/USD	1.22	0.08	0.54	10.07

Source: Bloomberg. As of 2021/05/28

DISCLAIMER: This document is provided to you for your information and discussion only. It is not a solicitation or an offer to buy and sell any security or other financial product. Any information including facts, opinions or quotations, may be condensed or summarized and is expressed as of the date of writing. The information may change without notice and PC Financial (SG) Pte Ltd is under no obligation to ensure that such updates are brought to your attention.